



# Senate

General Assembly

**File No. 610**

February Session, 2010

Substitute Senate Bill No. 395

*Senate, April 21, 2010*

The Committee on Appropriations reported through SEN. HARP of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## **AN ACT CONCERNING CONNECTICUT EXPORTS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-1c of the 2010 supplement to the general  
2 statutes is repealed and the following is substituted in lieu thereof  
3 (*Effective July 1, 2010*):

4 (a) In addition to any other powers, duties and responsibilities  
5 provided for in this chapter, chapter 131, chapter 579 and section 4-8  
6 and subsection (a) of section 10-409, the commissioner shall have the  
7 following powers, duties and responsibilities: (1) To administer and  
8 direct the operations of the Department of Economic and Community  
9 Development; (2) to report annually to the Governor, as provided in  
10 section 4-60; (3) to conduct and administer the research and planning  
11 functions necessary to carry out the purposes of said chapters and  
12 sections; (4) to encourage and promote the development of industry  
13 and business in the state and to investigate, study and undertake ways  
14 and means of promoting and encouraging the prosperous  
15 development and protection of the legitimate interest and welfare of

16 Connecticut business, industry and commerce, within and outside the  
17 state; (5) to serve, ex officio as a director on the board of Connecticut  
18 Innovations, Incorporated; (6) to serve as a member of the Connecticut  
19 Energy Advisory Board, the Energy Conservation Management Board  
20 and the Committee of Concern for Connecticut Jobs; (7) to promote  
21 and encourage the location and development of new business in the  
22 state as well as the maintenance and expansion of existing business  
23 and for that purpose to cooperate with state and local agencies and  
24 individuals both within and outside the state; (8) to plan and conduct a  
25 program of information and publicity designed to attract tourists,  
26 visitors and other interested persons from outside the state to this state  
27 and also to encourage and coordinate the efforts of other public and  
28 private organizations or groups of citizens to publicize the facilities  
29 and attractions of the state for the same purposes; (9) to advise and  
30 cooperate with municipalities, persons and local planning agencies  
31 within the state for the purpose of promoting coordination between  
32 the state and such municipalities as to plans and development; (10) by  
33 reallocating funding from other agency accounts or programs, to  
34 assign adequate staff to provide technical assistance to businesses in  
35 the state in exporting, manufacturing and cluster-based initiatives and  
36 to provide guidance and advice on regulatory matters; (11) to provide  
37 all necessary staff, services, accounting and office space and equipment  
38 required by the Connecticut Development Authority subject to the  
39 provisions of section 4b-23, where real estate acquisitions are involved;  
40 [(11)] (12) to aid minority businesses in their development; [(12)] (13) to  
41 appoint such assistants, experts, technicians and clerical staff, subject  
42 to the provisions of chapter 67, as are necessary to carry out the  
43 purposes of said chapters and sections; [(13)] (14) to employ other  
44 consultants and assistants on a contract or other basis for rendering  
45 financial, technical or other assistance and advice; [(14)] (15) to acquire  
46 or lease facilities located outside the state subject to the provisions of  
47 section 4b-23; [(15)] (16) to advise and inform municipal officials  
48 concerning economic development and collect and disseminate  
49 information pertaining thereto, including information about federal,  
50 state and private assistance programs and services pertaining thereto;

51 [(16)] (17) to inquire into the utilization of state government resources  
52 and coordinate federal and state activities for assistance in and  
53 solution of problems of economic development and to inform and  
54 advise the Governor about and propose legislation concerning such  
55 problems; [(17)] (18) to conduct, encourage and maintain research and  
56 studies relating to industrial and commercial development; [(18)] (19)  
57 to prepare and review model ordinances and charters relating to these  
58 areas; [(19)] (20) to maintain an inventory of data and information and  
59 act as a clearinghouse and referral agency for information on state and  
60 federal programs and services relative to the purpose set forth herein.  
61 The inventory shall include information on all federal programs of  
62 financial assistance for defense conversion projects and other projects  
63 consistent with a defense conversion strategy and shall identify  
64 businesses which would be eligible for such assistance and provide  
65 notification to such business of such programs; [(20)] (21) to conduct,  
66 encourage and maintain research and studies and advise municipal  
67 officials about forms of cooperation between public and private  
68 agencies designed to advance economic development; [(21)] (22) to  
69 promote and assist the formation of municipal and other agencies  
70 appropriate to the purposes of this chapter; [(22)] (23) to require notice  
71 of the submission of all applications by municipalities and any agency  
72 thereof for federal and state financial assistance for economic  
73 development programs as relate to the purposes of this chapter; [(23)]  
74 (24) with the approval of the Commissioner of Administrative  
75 Services, to reimburse any employee of the department, including the  
76 commissioner, for reasonable business expenses, including but not  
77 limited to, mileage, travel, lodging, and entertainment of business  
78 prospects and other persons to the extent necessary or advisable to  
79 carry out the purposes of subdivisions (4), (7), (8) and [(11)] 12 of this  
80 subsection and other provisions of this chapter; [(24)] (25) to assist in  
81 resolving solid waste management issues; [(25)] (26) (A) to serve as an  
82 information clearinghouse for various public and private programs  
83 available to assist businesses, (B) to identify specific micro businesses,  
84 as defined in section 32-344, whose growth and success could benefit  
85 from state or private assistance and contact such small businesses in

86 order to (i) identify their needs, (ii) provide information about public  
87 and private programs for meeting such needs, including, but not  
88 limited to, technical assistance, job training and financial assistance,  
89 and (iii) arrange for the provision of such assistance to such businesses;  
90 [and (26)] (27) to enhance and promote the digital media and motion  
91 picture industries in the state; (28) by reallocating funding from other  
92 agency accounts or programs, to develop a marketing campaign that  
93 promotes Connecticut as a place of innovation; and (29) by reallocating  
94 funding from other agency accounts or programs, to execute the steps  
95 necessary to implement the knowledge corridor agreement with  
96 Massachusetts to promote the biomedical device industry.

97 (b) The Commissioner of Economic and Community Development  
98 may make available technical and financial assistance and advisory  
99 services to any appropriate agency, authority or commission for  
100 planning and other functions pertinent to economic development  
101 provided any financial assistance to a regional planning agency or a  
102 regional council of elected officials shall have the prior approval of the  
103 Secretary of the Office of Policy and Management or his designee.  
104 Financial assistance shall be rendered upon such contractual  
105 arrangements as may be agreed upon by the commissioner and any  
106 such agency, authority or commission in accordance with their  
107 respective needs, and the commissioner may determine the  
108 qualifications of personnel or consultants to be engaged for such  
109 assistance.

110 (c) The Commissioner of Economic and Community Development  
111 [is authorized to] shall do all things necessary to apply for, qualify for  
112 and accept any federal funds made available or allotted under any  
113 federal act for planning or any other projects, programs or activities  
114 which may be established by federal law, for any of the purposes, or  
115 activities related thereto, of the Department of Economic and  
116 Community Development and said Commissioner of Economic and  
117 Community Development shall administer any such funds allotted to  
118 the department in accordance with federal law. The commissioner may  
119 enter into contracts with the federal government concerning the use

120 and repayment of such funds under any such federal act, the  
121 prosecution of the work under any such contract and the establishment  
122 of any disbursement from a separate account in which federal and  
123 state funds estimated to be required for plan preparation or other  
124 eligible activities under such federal act shall be kept. Said account  
125 shall not be a part of the General Fund of the state or any subdivision  
126 of the state. The commissioner shall report on activities to apply for,  
127 qualify for and accept funds under this subsection in its annual report  
128 submitted pursuant to section 32-1m.

129 (d) The powers and duties enumerated in this section shall be in  
130 addition to and shall not limit any other powers or duties of the  
131 Commissioner of Economic and Community Development contained  
132 in any other law.

133 Sec. 2. Section 32-222 of the general statutes is repealed and the  
134 following is substituted in lieu thereof (*Effective July 1, 2010*):

135 As used in sections 32-220 to 32-234, inclusive: (a) "Business  
136 development project" means a project undertaken by an eligible  
137 applicant involving one or more of the following:

138 (1) The construction, substantial renovation, improvement or  
139 expansion of a facility;

140 (2) The acquisition of new machinery and equipment;

141 (3) The acquisition, improvement, demolition, cultivation or  
142 disposition of real property, or combinations thereof, or the  
143 remediation of contaminated real property;

144 (4) The creation at a facility, within twenty-four months of the  
145 initiation of a hiring program, not less than ten new jobs or an increase  
146 in the number of persons employed at the facility of twenty per cent,  
147 whichever is greater;

148 (5) Economic diversification of the economy of an area of the state or  
149 manufacturing or other economic base business where such area or

150 business is substantially reliant upon defense and related industry;

151 (6) Participation in the avoidance of an imminent plant closing or  
152 relocation by a manufacturing or other economic base business or  
153 assist or improve the economy of an area of the state which has been or  
154 is likely to be significantly and adversely impacted by one or more  
155 major plant closings or relocations;

156 (7) Support research and development or commercialization of  
157 technologies, products, processes or techniques of a manufacturing or  
158 other economic base business;

159 (8) Creation or support of organizations and activities that provide  
160 technical and engineering assistance to small manufacturers or other  
161 economic base businesses to assist them with the design, testing,  
162 manufacture and marketing of new products, the exporting of state  
163 products and services, and the instruction and implementation of new  
164 techniques and technologies;

165 (9) Support of substantial workforce development efforts;

166 (10) Promotion of community conservation or development or  
167 improvement of the quality of life for urban residents of the state; [or]

168 (11) Promotion of the revitalization of underutilized, state-owned  
169 former railroad depots and areas adjacent to such depots; or

170 (12) Promotion of export activities, including sponsorship of  
171 programs that support exportation, assistance to companies in  
172 accessing federal Department of Commerce services, and provision of  
173 marketing materials and web site improvements for exporters;

174 (b) "Business support services" means activities related to a  
175 municipal development project or business development project which  
176 support the economic competitiveness of manufacturing or exporting  
177 or economic base businesses or which further the interests of the state,  
178 including, but not limited to, facilities and services related to day care,  
179 job training, education, transportation, employee housing, energy

180 conservation, pollution control and recycling, provided activities  
181 related to employee housing shall be limited to feasibility and  
182 implementation studies;

183 (c) "Commissioner" means the Commissioner of Economic and  
184 Community Development;

185 (d) "Economic base business" means a business that the  
186 commissioner determines will materially contribute to the economy of  
187 the state by creating or retaining jobs, exporting products or services  
188 beyond the state's boundaries, encouraging innovation in products or  
189 services, adding value to products or services or otherwise supporting  
190 or enhancing existing activities important to the economy of the state;

191 (e) "Economic cluster" means an economic cluster, as defined in  
192 section 32-4e, recognized by the commissioner;

193 (f) "Department" means the Department of Economic and  
194 Community Development;

195 (g) "Development plan" means a plan for a municipal development  
196 project prepared in accordance with the provisions of subsection (b) of  
197 section 32-223;

198 (h) "Eligible applicant" means any for-profit or nonprofit  
199 organization, or any combination thereof, any municipality, regional  
200 planning agency or any combination thereof and further provided, in  
201 the case of a loan made by the Connecticut Development Authority in  
202 which the department purchases a participation interest, "eligible  
203 applicant" means the for-profit or nonprofit organization, or any  
204 combination thereof, that will receive the proceeds of such loan;

205 (i) "Financial assistance" means grants, funds for the purchase of  
206 insurance policies and payment of deductibles for insurance policies to  
207 cover remediation costs, extensions of credit, loans or loan guarantees,  
208 participation interests in loans made to eligible applicants by the  
209 Connecticut Development Authority or combinations thereof;

210 (j) "For-profit organization" means a for-profit partnership or sole  
211 proprietorship or corporation or limited liability company which is an  
212 economic base business or has a North American Industrial  
213 Classification code of 311111 through 339999 or 493110, 493120, 493130,  
214 493190, 511210, 512110, 512120, 512191, 522210, 522293, 522294, 522298,  
215 522310, 522320, 522390, 523110, 523120, 523130, 523140, 523210, 523910,  
216 524113, 524114, 524126, 524127, 524128, 524130, 524292, 541711, 541712,  
217 551111, 551112, 551114, 561422, 611310, 611410, 611420, 611430, 611513,  
218 611519, 611710 and 624410 or any business that is part of an economic  
219 cluster, or any establishment or auxiliary or operating unit thereof, as  
220 defined in the North American Industrial Classification System  
221 Manual, which has demonstrated to the satisfaction of the  
222 commissioner that it has the qualifications, including financial  
223 qualifications, necessary to carry out a business development project;

224 (k) "Implementing agency" means one of the following agencies  
225 designated by a municipality under section 32-223: (1) An economic  
226 development commission, redevelopment agency; sewer authority or  
227 sewer commission; public works commission; water authority or water  
228 commission; port authority or port commission or harbor authority or  
229 harbor commission; parking authority or parking commission; (2) a  
230 nonprofit development corporation; or (3) any other agency  
231 designated and authorized by a municipality to undertake a project  
232 and approved by the commissioner;

233 (l) "Municipal development project" means a business development  
234 project through which real property is acquired by a municipality or  
235 implementing agency as part of such project;

236 (m) "Municipality" means a town, city, consolidated town and city  
237 or consolidated town and borough;

238 (n) "Nonprofit organization" means a municipality or nonprofit  
239 corporation as defined in section 33-1002 and organized under the  
240 laws of this state and for purposes of this chapter includes any  
241 constituent unit of the state system of higher education;



242 (o) "Planning commission" means a planning and zoning  
243 commission designated pursuant to section 8-4a or a planning  
244 commission created pursuant to section 8-19;

245 (p) "Project" means a municipal development project or business  
246 development project;

247 (q) "Project area" means the area within which a municipal  
248 development project or business development project is located;

249 (r) "Real property" means land, buildings and other structures and  
250 improvements thereto, subterranean or subsurface right, any and all  
251 easements, air rights and franchises of any kind or nature;

252 (s) "Site and infrastructure improvements" means improvements to:  
253 (1) Sanitary sewer facilities; (2) natural gas pipes, electric, telephone  
254 and telecommunications conduits and other facilities and waterlines  
255 and water supply facilities, except for any such pipes, wires, conduits,  
256 waterlines or any such pipes, wires, conduits, waterlines or facilities  
257 which a public service company, as defined in section 16-1, water  
258 company, as defined in section 25-32a, or municipal utility is required  
259 to install pursuant to any provision of the general statutes or any  
260 special act, regulation or order of the Department of Public Utility  
261 Control or a certificate of public convenience and necessity; (3) storm  
262 drainage facilities, including facilities to control flooding; (4) site  
263 grading, landscaping, environmental improvements, including  
264 remediation of contaminated sites, parking facilities, roadways and  
265 related appurtenances; (5) railroad spurs; (6) public port or docking  
266 facilities; and (7) such other related improvements necessary or  
267 appropriate to carry out the project;

268 (t) "State" means the state of Connecticut;

269 (u) "Targeted investment community" means a municipality which  
270 contains an enterprise zone designated pursuant to section 32-70;

271 (v) "Total project cost" means costs of any kind or nature relating to  
272 the planning, implementation and completion of a municipal or

273 business development project;

274 (w) "Legislative body" means (1) the board of selectmen in a town  
275 that does not have a charter, special act or home rule ordinance  
276 relating to its government, or (2) the council, board of aldermen,  
277 representative town meeting, board of selectmen or other elected  
278 legislative body described in a charter, special act or home rule  
279 ordinance relating to its government in a city, consolidated town and  
280 city, consolidated town and borough or a town having a charter,  
281 special act, consolidation ordinance or home rule ordinance relating to  
282 its government.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2010</i>	32-1c
Sec. 2	<i>July 1, 2010</i>	32-222

**APP**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

### **OFA Fiscal Note**

#### **State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 11 \$</b>	<b>FY 12 \$</b>
Department of Economic & Community Development	GF - Cost	114,125	110,410
Comptroller Misc. Accounts (Fringe Benefits) <sup>1</sup>	GF - Cost	10,664	27,402

Note: GF=General Fund

**Municipal Impact:** None

#### **Explanation**

The bill, which expands the duties for the Department of Economic and Community Development (DECD) regarding Connecticut exports, results in costs of \$114,125, plus fringe benefits in FY 11 and \$110,410, plus fringe benefits in FY 12. The bill requires DECD to reallocate funding from other agency accounts or programs to implement the bill. It is uncertain which programs will receive reduced funding.

The bill requires DECD to assign adequate staff to provide technical assistance to businesses regarding exports. The agency will need one Connecticut Careers Trainee with a starting salary of \$40,000, plus benefits to handle this new responsibility. The agency is required to provide guidance and advice on regulatory matters which will require funding for staff training and travel expenses to develop expertise in these areas. Funding is needed for: training at the State International Development Officers Association (\$450 event registration plus \$950 for staff travel= \$1,500); attendance at three CT Business and Industry

<sup>1</sup> The estimated non-pension fringe benefit rate as a percentage of payroll is 26.66% which includes health insurance, social security, Medicare, life insurance, and unemployment compensation. Fringe benefit costs for new positions do not include

Association (CBIA) workshops (\$75 per session x 3 sessions = \$225); and to attend two specialized week long export training sessions (with registration and staff travel costs estimated at \$4,000).

Additionally, DECD must support organizations and activities that provide assistance in exporting state products. This will require DECD to: join the State International Development Officers Association with annual dues of \$2,200; participate in the quarterly Eastern Trade Council board meeting (\$500 per meeting x 4 meetings = \$2,000); sponsor the CBIA International Trade Survey (\$10,000); and join the World Affairs Council (\$15,000).

The bill requires DECD to promote export activities, including sponsorship of programs, assist companies in accessing federal Department of Commerce services and provide marketing materials and web site improvements for exporters. It is anticipated the department will need \$30,000 to provide export assistance, \$5,000 for marketing materials, and \$5,000 for website improvements.

Finally, the bill expands the uses of the DECD's Manufacturing Assistance Act (MAA) funds to support exporting. As of April 5, 2010, the unallocated balance of MAA funds is \$59 million.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

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pension costs as new positions will not impact the state's pension contribution until FY 12 after the next scheduled actuarial valuation.

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**OLR Bill Analysis****sSB 395 ‘*****AN ACT CONCERNING CONNECTICUT EXPORTS.*****SUMMARY:**

This bill increases the Department of Economic and Community Development (DECD) commissioner’s duties and powers in several policy areas. It requires, rather than allows, her to apply for federal funds, prepare a campaign to market the state as a place for innovation, and assigns her to two energy policy boards. The bill also requires her to provide export assistance to businesses and expands her ability to do so under the Manufacturing Assistance Act (MAA), DECD’s major funding program.

EFFECTIVE DATE: July 1, 2010

**GENERAL DUTIES AND POWERS**

The bill increases the commissioner’s general duties and powers. It requires, instead of allows, her to do everything necessary to apply, qualify for, and accept federal funds related to economic development. The bill also requires the commissioner to report annually on what she did to secure these funds. She must include this information in her comprehensive annual report to the legislature.

The bill increases the commissioner’s duties regarding new technologies. It requires her to develop a marketing campaign that promotes Connecticut as a place of innovation. It also requires her to do the things needed to implement a 2000 agreement with Massachusetts to promote the biomedical device industry in the Connecticut River Valley region between Hartford and Springfield (i.e., The New England Knowledge Corridor). The commissioner must complete both tasks by reallocating funds from other DECD accounts or programs.

Lastly, the bill requires the commissioner to serve on the Connecticut Energy Advisory Board and the Energy Conservation Management Board. The former is a 15-member board charged with promoting competing energy solutions. Its members include the agriculture, transportation, and environmental protection commissioners; the chairman of the Department of Public Utilities Control; the consumer counsel; and the Office of Policy and Management secretary or their designees. The 13-member Energy Conservation Management Board advises utility distribution companies on developing and implementing comprehensive, cost-effective energy conservation and market transformation plans. Its members include the attorney general, the consumer counsel, and environmental protection commissioner.

## **EXPORTING AND MANUFACTURING**

The bill requires the commissioner to take more steps to promote exports and manufacturing by assigning enough staff to (1) provide technical assistance to businesses regarding exporting and manufacturing, (2) help groups of related businesses implement policies designed to improve their overall competitiveness (i.e., cluster-based initiatives), and (3) help businesses comply with regulatory requirements. She must do these things by reallocating funds from other DECD accounts or programs.

The bill authorizes the commissioner to use MAA funds to support exporting. Current law allows her to use these funds to create and support organizations that provide technical and engineering services to businesses. The bill allows her to create and support activities that promote the export of products and services. These changes also allow the commissioner to use regional economic development infrastructure funds to support exporting (CGS § 32-327 (4)).

The bill allows the commissioner to use MAA funds to promote exporting, including sponsoring export support programs, helping companies access U.S. Department of Commerce export assistance services, and providing export-related marketing materials and

website improvements. Lastly, the bill makes export assistance eligible for MAA funding.

## **BACKGROUND**

### ***Legislative History***

On April 8, the Senate referred the bill (File 259) to the Appropriations Committee, which favorably reported a substitute that added provisions directing the commissioner to perform certain tasks by reallocating funds from other DECD accounts or programs.

## **COMMITTEE ACTION**

### Commerce Committee

Joint Favorable

Yea 19      Nay 0      (03/18/2010)

### Appropriations Committee

Joint Favorable Substitute

Yea 51      Nay 0      (04/12/2010)